GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1689
ANSWERED ON:08.03.2001
LOSSES TO SEBS
AMAR ROY PRADHAN

Will the Minister of POWER be pleased to state:

(a) whether the Government are aware that the major loss to the State ElectricityBoards of various States is only due to power theft and non-payments of dues by Electricity subscribers;

(b) if so, the details thereof;

(c) whether inspite of this the Electricity Boards are planning to revise theirElectricity rates instead of checking the power thefts and realisation of outstanding dues from its subscribers; and

(d) action taken by each of the State Electricity Board to realize its outstandings from defaulters?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The main reasons for losses of State Electricity Boards (SEBs) are lowplant load factor high transmission and distribution losses, including pilferage and theft, low billing and realisation and non-viable tariff structure leading to an increasing gap between the cost of supply and realisation per unit.

(c) & (d) : The Government of India have enacted the Electricity RegulatoryCommission Act 1998 with a view to rationalize tariff, transparent policies towards subsidies, promote competition, efficiency and economy etc. Central ElectricityRegulatory Commission has been constituted and has started functioning. This Act enables State Government to set up State Electricity Regulatory Commissions (SERCs). So far 15 States have notified constitution of SERCs. SERCs of Orissa, Andhra Pradesh, Maharashtra, U.P., Gujarat, Karnataka and Haryana have already issued tariff orders.The Regulatory Commissions while fixing tariff have a mandate to consider the factors which would encourage efficiency, economical use of resources, good performance besides safeguarding the interests of consumers.

The Conference of Chief Ministers/Power Ministers held on 3/3/2001 recognizedthat the real problem of management and the challenge of reforms lies in the distribution sector and resolved that:

(i) Energy audit at all 11 KV feeders must be made effective within the next 6 months and accountability fixed at the local level.

(ii) An effective Management Information System for this purpose needs to be made operational.

(iii) On the basis of the above, an effective program needs to be launched for identifying and eliminating power thefts in the next 2 years.

(iv) Full metering of all consumers had been targeted for completion by December2001. Special efforts should be made to complete the programme.

(v) The quality of power supplied especially in rural areas needs to be improved through the APDP and other programmes quickly;

(vi) Commercial viability has to be achieved in distribution in 2-3 years through any or all of the following

- Creating Profit centres with full accountability
- Handing over of local distribution to Panchayats/Local Bodies/Franchisees/Users Associations, wherever necessary.
- Privatisation of distribution
- Or any other means.

(vii) Efforts by States, if necessary, at inviting private investment in the power sector need to be focused towards the distribution sector.

(viii) Current operations on distribution would need to reach break even in two years and achieve positive returns thereafter.

The Government of India is also signing MOUs on reforms with States whereby the States commit to achieve definite milestones to reduce T&D losses, eliminate theft, improved billing and collection, setting up of functional SERCs etc.The Government of India offers financial support through the Accelerated Power Development Programme(APDP) and additional allocation of power from unallocated share of central pool etc. So far the States of Karnataka, U.P., M.P., Haryana and Gujarat have signed MOUs.